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Sixth session
Geneva, 21-25 January 2002
Item 2 of the provisional agenda

PROVISIONAL AGENDA AND ANNOTATIONS

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II. ANNOTATIONS TO THE PROVISIONAL AGENDA

Introduction

1. The Conference, at its tenth session, held from 12 to 19 February 2000 in Bangkok (Thailand), in considering the issue of UNCTAD's intergovernmental machinery, welcomed the document prepared by the UNCTAD secretariat entitled "Improving the functioning and the structure of the intergovernmental machinery of UNCTAD" (reissued in TD/B/EX(24)/L.1). The purpose behind the recommendations contained in that document was *inter alia* to enhance the status of the Commissions as policy-formulating organs and to strengthen the substantive linkages between expert meetings and Commissions. It was recommended that the Commissions' work should be informed by the technical advice of the experts, that the Commissions should place the results of expert meetings within the appropriate policy context and framework, and that, on the basis of the expert reports and their own policy dialogue, the Commissions should make recommendations on actions to be taken by member States, UNCTAD or other bodies.

2. To this end, the Commission will have before it the reports of the expert meetings held during the previous months, as well as documentation prepared by the secretariat identifying, and commenting on, the policy questions posed by the expert reports for discussion by the Commission. In this connection, the outcomes of the expert meetings were circulated by the secretariat to member States with a request for policy comments on the experts' recommendations. The task of the Commission is to conduct policy dialogue and make policy recommendations on the outcome of the expert meetings, taking into account the views from the capitals.

Item 1 Election of officers

3. In accordance with rule 18 of the rules of procedure of the main Commissions of the Trade and Development Board, the Commission shall elect a Chairperson, five Vice-Chairpersons and a Rapporteur from among the representatives of its members, taking into account the need to ensure equitable geographical distribution. Moreover, rule 19 of the rules of procedure states that the Bureau of the Commission shall consist of seven members (i.e. four members from Lists A and C combined, two members from List B and one member from List D, referred to in the annex to General Assembly resolution 1995 (XIX) as amended).

4. Accordingly, following the cycle of rotation established after UNCTAD IX, the bureau for the sixth session of the Commission will be as follows: Chairperson from List A (Asia); Rapporteur from List B; and five Vice-Chairpersons (3 from lists A and C combined, 1 from List B and 1 from List D).

Item 2 Adoption of the agenda and organization of work

5. The sixth session of the Commission is scheduled for 21-25 January 2002. The Commission on Investment, Technology and Related Financial Issues approved the agenda items for this session and the related Expert Meetings at its fifth session (12-16 February 2001).

6. With regard to the organization of the work of the session, the Commission has five days available to it. It is suggested that the agenda items be taken up sequentially, with the first plenary meeting, on Monday, 21 January, being devoted to procedural matters and introductory statements.

7. The secretariat will prepare a detailed programme, which will be available on the first day of the session.

Documentation

TD/B/COM.2/36 Provisional agenda and annotations

Item 3 *Impact of international investment flows on development: The impact of FDI policies on industrialization, local entrepreneurship and the development of supply capacity of developing countries, in particular the least developed countries*

8. The experiences of many newly industrializing countries have shown that trade and growth are closely associated, and a sustainable industrialization strategy is supported by these countries' capacity to export and to expand their competitive advantage, moving up the value-chain of production. In many of these countries, FDI has played an important role in

the development of export-oriented industries. It has to be noted that the role of policies is crucial, not only in attracting the kind of FDI which helps to develop industries that correspond to and utilize the dynamic comparative advantage of host countries, but also to ensure that the potential benefits from FDI are spread to domestic enterprises through linkages between foreign affiliates and local suppliers. The question here is what policy lessons can be drawn from these experiences, and how can countries at different stages of development design FDI policies suitable to their particular context? In a globalizing world, TNCs are playing a determining role in the flows and directions of trade, reflecting their decisions as to whether or not to internalize their production along the value chain and where to locate their production activities. A central question here is, how can developing countries – by attracting the right type of FDI – best tap into the international production systems of TNCs? It is important when designing FDI policies to understand TNCs' corporate strategies in order to reconcile TNCs' motives with host countries' development priorities.

9. Discussion under item 3 is expected to focus on issues relevant to the impact of FDI policies, as stressed above, namely: the link between foreign direct investment and industrialization, export competitiveness and development of supply capacity; FDI promotion in the context of development strategies; specific instruments and tools for FDI targeting; and the promotion of backward linkages to support local entrepreneurship and development of supply capacity.

10. To facilitate the deliberation, the Commission will have before it: (i) the issues note prepared for the Expert Meeting on the Impact of FDI Policies on Industrialization, Local Entrepreneurship and the Development of Supply Capacity of Developing Countries, in particular in the Least Developed Countries; (ii) the final report of the Expert Meeting; (iii)

the Overview of the *World Investment Report 2002* (Promoting Linkages); (iv) a note by the UNCTAD secretariat on the outcome of the Expert Meeting.

Documentation

UNCTAD/WIR/2001	*World Investment Report 2001*, Promoting Linkages (Overview)
TD/B/COM.2/EM.10/2	The Impact of FDI Policies on Industrialization, Local Entrepreneurship and the Development of Supply Capacity, Policy Issues to consider, Note by the UNCTAD secretariat
TD/B/COM.2/35 TD/B/COM.2/EM.10/3	Report of the Expert meeting on the Impact of FDI Policies
TD/B/COM.2/38	Note by the UNCTAD secretariat

Item 4 *International policy issues: International arrangements for transfer of technology: Best practices for access to and measures to encourage transfer of technology with a view to capacity building in developing countries, especially in least developed countries*

11. The need for technology transfer, especially to developing countries, has been recognized in various international fora. Over 80 international instruments and numerous subregional and bilateral agreements contain measures related to transfer of technology and capacity building. The technology-related provisions contained in such instruments follow different approaches, depending on the object and purpose of these respective instruments. They all aim, however, at promoting access to technologies and, in some cases, the development of local capabilities in developing countries, particularly in least developed countries.

12. The Bangkok Plan of Action requested UNCTAD, *inter alia*, to analyse all aspects of existing international agreements relevant to transfer of technology (Plan of Action (TD/390), paragraph 117) and examine and disseminate widely information on best practices for access to technology and (Plan of Action, paragraph 128). Discussion of this item is expected to focus on the policy implications of the outcome of the Expert Meeting (TD/B/COM.2/33), which will be presented by its Chairperson. The Expert Meeting identified a number of best practices that could contribute to generating favourable conditions and opportunities for transfer of technology and capacity building, and the Commission may wish to consider how these practices could be more widely encouraged within the overall context of international instruments.

13. To facilitate the deliberations, the Commission will have before it (i) a note by the UNCTAD secretariat on the outcome of the Expert Meeting; (ii) the issues note for the Expert Meeting; (iii) the report of the Expert Meeting.

Documentation

TD/B/COM.2/37 International arrangements for transfer of technology: Note by the UNCTAD secretariat

TD/B/COM.2/EM.9/2 International arrangements for transfer of technology: Issues note by the UNCTAD secretariat

TD/B/COM.2/33 Report of the Expert Meeting on International Arrangements for
TD/B/COM.2/EM.9/3 Transfer of Technology: Best Practices for Access to and Measures to Encourage Transfer of Technology with a view to Capacity-Building in Developing Countries, Especially in Least Developed Countries.

Item 5 Investment policy reviews: exchange of national experience

14. Investment policy reviews are intended to assist countries in improving their investment policies with a view to attracting foreign direct investment and benefiting more from it. The policy reviews are undertaken upon request of member States. The Commission on Investment, Technology and Related Financial Issues takes up the policy reviews at the intergovernmental level in order to promote the exchange of national experiences and, in particular, to familiarize Governments and investors with these countries' investment environment.

15. The Commission will have before it the Investment Policy Review of the United Republic of Tanzania. The secretariat and a high-level representative will introduce the country report, followed by deliberations of the review panel and a general discussion.

16. Item 5 will also provide an opportunity to review follow-up to the recommendations contained in previously conducted policy reviews. At its last session, the Commission considered four policy reviews (Ethiopia, Ecuador, Mauritius and Peru).

Documentation

UNCTAD/ITE/IPC/Misc.9	Investment Policy Review of the United Republic of Tanzania

Item 6 *Reports of the subsidiary bodies of the Commission*

17. Under this item, the Commission will consider the report of the eighteenth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) and the report of the third session of the Intergovernmental Group of Experts on Competition Law and Policy. The reports of the two subsidiary bodies will be available for consideration by the Commission.

Documentation

TD/B/COM.2/34 TD/B/COM.2/ISAR/13	Report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting on its eighteenth session
TD/B/COM.2/32 TD/B/COM.2/CLP/24	Report of the Intergovernmental Group of Experts on Competition Law and Policy on its third session

Item 7 *Progress report on the implementation of agreed conclusions and recommendations of the Commission*

18. The note on "Improving the functioning and the structure of the intergovernmental machinery of UNCTAD" (TD/B/EX(24)/L.1), re-endorsed by the Board at its twenty-sixth executive session on 10 April 2001, states: "Starting with the second session of each Commission, the fifth day of the session will be used for policy reviews of implementation by member States and the secretariat of the outcome of previous sessions, on the basis of documentation produced by the secretariat."

19. With regard to the implementation of the outcome of the fifth session of the Commission by the secretariat, the secretariat will provide the Commission with a report on its activities in that connection. Concerning implementation by member States, those member States wishing to do so will have an opportunity to present their experience to the Commission.

20. The attention of the Commission is also drawn to the decision adopted by the Trade and Development Board at its twenty-fourth executive session on 12 May 2000 by which the Trade and Development Board decided *inter alia* to "conduct in the second quarter of the year 2002 a mid-term review of the work of UNCTAD, based on the indicators of achievement agreed to in the medium-term plan (2002-2005)". The Commission's attention is drawn in particular to indicator (b) from the Medium-term Plan 2002-2005, which comprises "Member States' views on the practical value and impact on the development prospects of developing countries of policy recommendations, as expressed in the conclusions of the regular review of the work undertaken by intergovernmental bodies". The views and conclusions of the Commission under this topic will therefore serve as inputs to the mid-term review.

Documentation

TD/B/COM.2/39 Progress report on the implementation of agreed conclusions and recommendations of the Commission

Item 8 Provisional agenda for the seventh session of the Commission

21. A draft provisional agenda for the seventh session of the Commission will be submitted for consideration and approval.

Item 9 Other business

22. Under this item, the Division on Investment, Technology and Enterprise Development will make a presentation on its activities, covering the period between the fifth and sixth sessions of the Commission. The Commission will have before it an update on the previously produced DITE activities report (reporting end February 2001).

23. Representatives of other international organizations are invited to report briefly on their activities. The President of WAIPA will report on WAIPA's Seventh Annual Conference, which is held in parallel to the Commission.

24. To inform the Commission about the ongoing work of the Commission on Science and Technology for Development (CSTD), a briefing will be organized to highlight activities carried out within the framework of that Commission, including the results of its work on

biotechnology and its plans for developing its new substantive theme of technology development and capacity-building for competitiveness in a digital economy.

Item 10 Adoption of the report

25. The report of the Commission will be adopted at its final plenary meeting and submitted to the Trade and Development Board for consideration.